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KLONDIKE—A STUDY IN BOOMS.

"It is the awful darkness there." The speaker was showing us—it was in Ottawa, in the winter of 1897—an invention of his own for thawing little bits of frozen earth in the Klondike district, whence he had come, and I had induced him to talk about the place, as well as of the mechanism by whose aid miners were to prosecute their quest of the gold there. He had not much to say, but his few words were to the point; and the picture called up was not pleasing. In spite of the glittering stories concerning Klondike, which at that time were firing our imaginations, it was not easy to be enthusiastic after hearing the story. The awful darkness of Klondike during the winter, the terrific cold, the spectre of famine which was hovering over these fastnesses, the approach whereto was as inaccessible and perilous as Siegfried's journey to Brunnhilde and her magic gold—all these things filled one with pity and wonder on behalf of the men who had taken, or proposed to take part in the "rush to Klondike." Already at that time—in the closing days of November, 1897—grim stories were current concerning the imminent danger of starvation during the ensuing winter which awaited the miners who remained in Dawson City, and of the impossibility of their getting away at so late a period or of an adequate food supply being conveyed to them. Much anxiety was being felt in Canada and the United States, and everybody was relieved to know that the Dominion Government some two months previously had been exerting itself on behalf of the men already in Klondike, and towards dissuading new-comers from attempting to complete their journey before the spring—going so far indeed as to turn them back on the frontier unless they had a year's provisions with them. As immigrants by any of the land routes had mostly to carry all their worldly belongings on their backs, the stipulation was likely to act as an effective deterrent.

Thanks to the measures taken, the anticipated horrors of starvation in Dawson City were not realized. The population was kept within limits. Thousands who started for the Yukon in the summer of 1897 got no farther than Dyea or St. Michael's, or one

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of the other stations in the far North-West, whence travellers to the Yukon start on the final stage of their journey. The case of these baffled gold-seekers was not enviable. It was not only the disappointment and delay; they suffered from poverty also. A man who came from Dyea in August, 1897, reported that he had left six thousand would-be prospectors in that place, in a more or less destitute condition, and a few weeks later came another report, that crowds of prospectors, blocked up at Dyea and St. Michael's, were selling their supplies in order to get home again. Nor were those who reached Dawson City in much happier plight. In the last days of November a Reuter's telegram to New York spoke of the serious state of affairs in Dawson City, the scarcity of food having caused an epidemic of crime. Somehow that winter was weathered, and the following winter likewise; for Dawson City still stands on the banks of the Yukon river, inhabited by some thousands of men in whom the lust of gold is too potent for them to quail before the wretchedness and hardship and uncertainty of achieving the end, which are the accompaniments of life on the Klondike. But the wild boom of 1897 has subsided—at least outside the Yukon; and we may now not unprofitably try to make some sort of balance sheet, and consider whether the whole business is worth the while and the cost.

Let us begin with the credit side. Until, of course, the resources of the Yukon are exhausted, it will not be possible to put the total value into figures. Undoubtedly the rocks and river-beds on the Alaskan border and for hundreds of miles around are gold-bearing. Doctor Dawson, the head of the Canadian Geological Survey, a man whose reputation is worth the higher description of fame, and who has what may be called by comparison an intimate personal acquaintance with the great unknown, and partially unknown, lands of the North-West, is decided in his opinion that much gold is spread throughout the country; but I am not aware that he has ever committed himself to statistical estimates. Another Canadian expert has, however, been more pronounced and definite. I refer to Mr. Ogilvie, the Canadian Government Commissioner of the Yukon. To him, indeed, the Klondike boom may almost be said to owe its existence. In a Blue-Book which he published two years ago, as the result of his surveys in the district, the wealth of the country is painted in glowing terms. He estimated the length of the gold-bearing district at upwards of three hundred miles (exclusive of the British Columbia portion), and the width as "indefinite." Moreover, he, in common with other prospectors and geologists, testifies to the presence of other minerals besides gold. Both coal and copper are spoken of; but I imagine the world's coal supply will outlive some centuries, even of

the present large output, ere it will shrink to the proportions necessary to induce coal-mining in the Klondike. Nor does it seem much more likely that within a measureable period copper will be sought in that region, despite the boom in copper-mining now under way. Klondike means just gold; and in that view only need be regarded.

To return to Mr. Ogilvie. In his Blue-Book, written at the beginning of the 1897 season, he prophesied:—"It is certain that millions will be taken out of the district this year." A few months later we find him estimating the life of Klondike as assured for a time put somewhat vaguely at from ten to twenty years, and he calculates that that period may be extended for several generations. A year later he is prophesying that "there are twenty millions in sight to-day." So much for estimates. The record of actual output is in a less exalted key. Up to 1895 the few specimens of gold extracted from Yukon river-beds are not worth mention, but in 1896 the gold returns of the Dominion take a big jump forward—from £208,420 in 1894 to £382,180, and the increase is credited to the Yukon. In 1896 the total output of the Dominion is worth £582,040, and again the increment is placed to the account of the Yukon. These are big proportional strides; actually, in relation to the world's output, the figures are ridiculously small; for, however rich in gold the Dominion may be, her part in furnishing the world's current supply is not yet large enough to remove her from the contemptuous general category in gold statistics of "other countries," and the 1896 record of £562,040 compares with £41,713,715, the value of the world's output of the metal in that year. However, the increase, announcing, as it did, a new gold-field, and backed by the glowing report of the Canadian Government's Commissioner, sufficed to start a boom, and send northwards the crowd of professional gold-miners and the curious conglomeration of amateurs—unfortunates and adventurers—which always descend like a swarm of locusts on any tract of country about whose possession of gold rumour is busy. At the close of the 1897 season the estimates of the output were various, but evidently none of them erred on the side of narrowness. The average calculation sent from Dawson City put the value at £1,400,000—arrived at by a computation that a million pounds' worth had been sent down, and that £400,000 worth was awaiting the resumption of navigation in the spring. One enthusiast went so far as to prophesy that the "first boat down in the spring will bring at least fifteen million dollars in gold." We now find, however, that the total production of gold throughout the Dominion in 1897 only reached a value of £1,205,420; Klondike's contribution therefore must have been considerably under a million. 1898 was

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the crucial year; for there were then in the Klondike district many more miners than ever before, and not improbably more than will ever be there again. The exact output is not quite certain. The *New York Commercial and Financial Chronicle*, in a survey of the world's production of gold last year, made in February, puts the yield of the Klondike fields at nearly £2,400,000. Up to the end of 1898, therefore, it is safe to say that Klondike has not furnished the world with more than three and three-quarter millions' worth of gold. If half the tales of Klondike's ungot gold were true there would yet remain ten times as much as that for future miners, but, as the forecasts hitherto made have on the whole been mainly distinguished by exaggeration and general lack of accuracy, it would, at a rough shot, be near enough perhaps to anticipate that the gold already extracted from Klondike represents fully a third of the total treasure.

Now for the other side of the balance-sheet. It is not easy to put down the cost of Klondike, because there are so many points of view. There is the point of view of the man who has succeeded in making his pile, and who has (unlike the two poor Scandinavian brothers who died of typhoid as they were starting home with their money) succeeded in getting away from the place with a share of the hoard. In their view Klondike, in spite of the privations endured during their residence there, was worth the while. But there are also the varying points of view of the other men—counted in thousands—who either just cleared their expenses, or—and this is by far the greater number—left Klondike or the places as near thereto as they succeeded in reaching, without any of the gold at all, and minus most, if not all, the gold they took with them when they set out on their journey to Klondike. For all these Klondike is synonymous with poverty and not wealth. Such men would have done as well for themselves, and perhaps much better, had they spent the weary time of their miserable exile at the Monte Carlo gaming tables, where they would at least have had the enjoyment of pleasant surroundings, and whence they could not have returned home more poverty-stricken than they did from the Yukon. It has already been stated in this Review, on the excellent authority of Miss Flora Shaw, that up to the 1898 season thirty thousand persons went to, or started for, Klondike, and that less than a seventh of their number got any gold out of the district at all. And it is doubtful if more than a small portion of these four thousand adventurers cleared their expenses. The other twenty-six thousand certainly did not. And it is estimated on the same authority that, in spite of the roughness and privations of their lives, the thirty thousand pilgrims paid in the aggregate at least ten millions sterling for their pilgrimage. It seems rather a poor

piece of business, to put ten millions into a concern, and to get out less than four millions; for, even supposing that a lot more gold is taken out of Klondike in the future, the getting thereof will always entail great expense, so that, unless the life of the Yukon mines is very prolonged and very fruitful, it is not at all likely that the six millions of capital already sunk will, after deducting future working expenses, be returned to the world. (This is taking a general view; however great the future treasure may be, it will get into other hands than those of the unfortunates who contributed the ten millions.)

The cost of Klondike has been grotesque in its extravagance. Even the Ogilvie Blue-Book, so largely responsible for the boom, admitted that as much as £30 had been paid for a sack of flour in the district. Beef at one time was selling at five dollars a plate. A special correspondent of *The Financial News* who visited Dawson City during the summer of 1897 gave many suggestive hints of the way in which money was being poured out for mere poor necessities of life, with a prodigality unknown in the most luxurious city in the world. "It is not easy to get along here," he wrote, "on less than £10 a day, and many of the men spend ten times that much." Again, "If a man buys a drink he takes out a sack of gold, and the barman weighs out the price." In another passage he indicates how most of such fortunes as have been made in Klondike were scraped together. It was not by washing the frozen earth for gold dust, but by supplying food and drink to the men who were engaged in mining that the gold was garnered. "One saloon," he significantly tells us, "cleaned up £3,000 in three weeks." Ubiquitous journalistic enterprise produced, in 1897, a weekly newspaper—*The Klondike Morning Times*. Among its advertisements was one announcing: "Lodging, one dollar; with bed, seven dollars." Could anything tell more graphically than this advertisement of the money squandered in Dawson City in procuring a necessary of life in a form which the occupant of a fourpenny doss-house in London would sniff at? Here is another fact, significant at once of the method by which money has been made in Klondike, of the way in which the miners are robbed of their terribly hard-earned gettings, and of the dismal absence of pleasure in the life there: a music-hall artist in London was offered £10,000 for a six weeks' engagement in Dawson City.

But money figures cannot measure the cost of Klondike. To this debit side of the balance you must add the sufferings and privations endured. In a letter from Dawson City in the summer of 1897 the writer reminded his correspondent that "the man who comes up here to mine does so at the expense of health and happiness, and it is for him a question of making a fortune quickly,

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or chances with death." I have not been able to get any statistics of the actual death-roll of Klondike. Happily it does not appear to have been so high as might have been anticipated, notwithstanding the loss of life by wrecked steamers and canoes on the journey to Dawson City, the outbreaks of typhoid fever there—made so much more fatal by the lack of proper medical attention—and the breakdown of constitutions too frail to withstand the rigours of the life and climate; but undoubtedly many lives have been sacrificed, while the tale of the sufferings endured can never be told. In the letter from which I have just quoted, the writer further says: "There are many men who have gone and returned to Dawson after searching the great country hereabouts, and never a nugget do they show for their toil." With the most vivid imagination it is difficult to realize the mental and physical suffering endured on these unrewarded quests. Men may not have actually starved to death in the Yukon; but the agony of hunger was with many of them. The work of the pioneer is always rough; but the sufferings in Klondike have surely passed the limit even of the roughest pioneer existence. Doubtless the days of semi-starvation are over now; but however ample may be the supply of the necessaries and even of the luxuries of life in the future—if Klondike is to have a future—it can never wipe out the tortures which have been endured, and for the most part profitlessly endured. The construction of railways and roads and steamers will make the Yukon easier of access and less vilely uninhabitable than during past years; but in proportion as the place is brought within the limits of civilization, the chances of a fortune which it may offer to the individual gold-seeker will correspondingly dwindle, and at the best the region can never become a place fit for human habitation, or one in which any white man would choose to dwell save for the purpose of accumulating a fortune quickly. The long arctic winters, dark and cruelly cold—so cold that even the power of taste is taken away—and the scarcely less disagreeable summers, made a torture by clouds of mosquitoes, must for all time make the country a place to avoid.

Economically, the cost of Klondike does not end either with the money squandered, or the sufferings endured therein. There is the loss of energy to be taken into account. What additions might not have been made to the wealth and happiness of the world if the thirty thousand adventurers—many of them hardy, active, and determined men—had had their pioneer energies directed into other channels! One need not go farther than the Canadian Dominion for illustration. Suppose that these men had stopped off in Ontario and helped to develop the lumber and pulp-wood industries of that province, or had assisted in turning it into the

great manufacturing country it might be, by constructing electrical works among the rushing waters which spread a glittering mesh over the Province, their magnificent water power running to waste. Or suppose they had gone as far west as Manitoba and had settled there, on the most magnificent wheat plains in the world, tilling the rich virgin soil, and helping to build up a great agricultural country. Would not the energy thus expended have been infinitely more profitable, better for them, and better for Canada, than that wasted in the attempt to scrape gold out of the frozen north? In this view, Klondike is but one more instance of the economic waste in modern life, and makes a heavy item on the debit side of our balance sheet. The Canadian Government, too, has lost. Notwithstanding the royalty which it collects on the gold, it has been admitted by the Government's officials themselves that "Klondike has been an expense to the Canadian Government rather than a source of profit." In the Canadian Budget for 1898-9 is an item of 398,000 dollars for governing Klondike. It is doubtful if the royalties which the Government will receive from Klondike will counterbalance this sum. And yet, in addition, we hear of projects for wasting still more of the Dominion's revenue on the construction of Yukon railways, railways which are never likely to pay the cost of construction, for they will be practically useless when Klondike becomes emptied of its gold-seekers. Further, while discussing the value of Klondike to Canada, it is worth bearing in mind that Canada gets very little enrichment out of its gold-fields. Almost all the gold extracted has been shipped to the United States. And not only has the Republic got the gold, but it has got most of that other Klondike gold besides, the gold, namely, which was put into Klondike; for the exorbitantly profitable trade in supplying miners with their necessities and poor luxuries has been, for the most part, in Yankee hands.

I mentioned just now that the Yukon railways will be useless when Klondike ceases to give forth its treasure. And this opens out one of the most important features in the discussion. By this time, I submit, it has been demonstrated that the debit side of the balance far out-weighs the credit side. But there is one consideration which might conceivably compensate to some considerable extent, if not altogether, the adverse balance. The exploration of gold-fields is sometimes a preliminary to the exploitation of the more golden harvest of ploughed fields. And in that view it is urged that gold-fields do ultimately pay, even though the metal extracted from them is not worth so much as the money spent in the extraction. A somewhat similar line of argument has been applied to Klondike. Miss Shaw, for instance, in a

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passage from her lecture to the Royal Colonial Institute, quoted in the March number of this Review, believes that the balance will be ultimately righted in the Yukon district. "I am inclined," she said, "to accept the more favourable view, and to coincide with those who believe that, as Bendigo and Bathurst were but the beginnings of the Australian development of gold, as Kimberley and the Rand have shown the way to the internal treasure houses of South Africa, so Dawson is but the threshold of new fields of wealth to be opened in the northern regions. The settlement of the Yukon district which began last year will, in my opinion, spread across the Rockies, fill the Mackenzie district, and, continuing long after we are dead and gone, will add to the present habitable territory of the Dominion two populous districts, each as large in extent as France." You will observe that Miss Shaw holds out no hope that Klondike will be the prelude to permanent agricultural and industrial settlement; and the Australian, and even the South African, analogy therefore fails, for the real economic value of the Australian gold rush lay in the circumstance that of the large number of men thereby induced to come to the country, many remained as settlers; they came to wash gold-bearing gravel, they remained to till the soil, and build up the colony. The dynamic value of Klondike, according to Miss Shaw, is confined to the prospect of more gold-fields being opened up in the Far North by men who journey to Klondike, and finding their quest there unavailing, wander forth into other regions of the same great tract of country. This is not adequate compensation. If these men are to "cross the Rockies, fill the Mackenzie district," and spread themselves over the vast distances referred to, that will only mean that we are to have a succession of Klondikes and successive repetitions of the horrors and privations and extravagant waste of Klondike. It will not mean any gradual spread of civilized settlement. Dawson City will become again an uninhabited wilderness, and another Dawson City will be built, at the same exorbitant cost, some hundreds of miles further off, and so on, until the whole country is exhausted, or men tire of the wretched business. Gold-seeking is not colonization. And in this case it cannot lead to colonization. Here and there, I believe, in the valley of the Peace and other of the great northern rivers, agricultural settlement is possible. But that is quite another story; the great wastes of the gold area can never be cultivated. The one argument, therefore, which apologists of Klondike might bring forward to justify the economic waste involved in the gold fever fails utterly to make up the heavy adverse balance. The utmost that can be said from this point of view is that disappointed gold-hunters straggling back from the Yukon may drop off on the

way, and settle down in some part or other of the Dominion. But the chances of a few scattered individuals doing this do not tell against my argument. Even if the numbers were large, the fact that they had lost their money in their gold quest would make them much less valuable factors in the development of Canada than if they had their capital intact, and had put it straightway into the farming industry.

A word now as to the actual value of Klondike's gold output, regarded as a contribution towards the world's supply. Persons talk of Klondike as if it were quite one of the most important factors in the world's gold industry. But the total output from the Yukon last year only equalled 4 per cent. of the world's total output. Colorado and California each produced fully a fifth more than Klondike. Western Australia produced twice as much; Russia about two and a half times as much; while a comparison with the Rand shows Klondike in a very modest light: £15,134,115 against about £2,400,000. If Klondike, then, had not given forth one ounce of gold the world would not have been appreciably poorer.

"Appreciably poorer." This phrase begs a question which few trouble to answer. The words I used were only accurate in an elliptical interpretation, and would read in full, "the world's gold supply would not have been appreciably poorer." The world might have a great deal less gold than at present, and not be any the worse off. Gold is not in itself wealth in the best sense of the term. There are countries which possess very little gold indeed, and yet contain all the means of existence and enjoyment as prolifically as countries in which gold is plentiful. It happens that a country with a silver currency is just now inconvenienced or disadvantaged in its relation to countries which have a gold currency because silver has fallen in price, when the price is measured in gold terms, gold being the rarer metal; although, with regard to export trade, the advantage is often with the silver country. This inconvenience and these disadvantages, however, only arise in consequence of inter-communication between the various countries, and in so far as that inter-communication is of an intimate character. But all this has nothing to do with gold being wealth in a real sense. Neither gold nor silver is wealth regarded *per se*. They are the means of acquiring wealth, and that is the only use in the possession of gold.

Now, do we want a much greater supply of gold than we have at present? In the past the possession by a nation of gold was regarded, and rightly regarded, as of prime importance, since the country which had a big supply of gold was able to trade to corresponding advantage. But the economic value of the metal is

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less to-day, and is daily growing less. Two factors are tending to this diminution: the credit system of Governments, seen in the issue of paper money, and the private credit system introduced by the banks. In the United States to-day how often will you handle a gold coin? You may be the richest millionaire on Fifth Avenue, and not touch a gold coin from month's end to month's end. It may be replied that the paper money which is used instead of the coin is only of value because it is represented by a corresponding, or an approximately corresponding, store of bullion in the vaults of the banks and the Government treasury; but though at the present time—a transition time—the presence of this bullion reserve makes the user of paper money feel confidence in the value of his paper, it is not an essential necessary to him. Look at the Bank of England, which normally issues notes to twice the value of the gold in its vaults; yet a bank-note is "as good as gold" in any man's view. It is as good as gold because the holder of a bank-note knows that behind the Bank of England is the Government's credit; and that is good enough for him. It is the same with the other banks of the country. They do not issue notes, but men readily deposit the major, or the whole part of their money with banks, and feel confident in the security, although these banks keep a comparatively tiny stock of gold in their coffers. As a matter of fact, the business of the country would be impossible if it were done merely on a visible gold coin basis instead of on a credit basis. The estimates of the actual gold currency in this country vary, but the outside calculations fix the total at 110 millions. But the credit system is extending. Nearly everyone above the ranks of the working-classes has a bank account, and receives his income, and pays most of his bills, without touching a gold coin, and we may expect the system to spread still farther. All the gold that is wanted, therefore, is enough for the middle-class men to pay their wages and small bills with, and for poor people to pay their heavier bills with. And when, as is not unlikely, we come back again to paper money of small denomination—as small, perhaps, as the dollar bills of the United States—we shall need still less gold for current use, and might conceivably dispense with it altogether. All that would be then required would be a certain reserve in the hands of the State or of the Bank of England (which is almost the same thing) for emergency use. Doubtless, we shall always need to have this reserve balance at a substantial figure. But it is not needful, in order to ensure this, that there should be a much larger stock of gold in the world than there is to-day.

At present the world's store of gold is increasing at, I submit, an unnecessary rate. The value of the total output last year was

estimated at £59,857,474—more than half the normal stock of gold coin in the United Kingdom. The output is constantly and largely increasing; in the quinquennial period from 1886 to 1890 the total output was valued at £113,008,820; in the period from 1891 to 1895 it was £116,983,317. In the last year of that period the figure was £40,999,778; in 1896 it was £41,713,715; in 1897 it was £48,780,511; in 1898 it was £59,857,474. The returns so far to hand from South Africa and Australia this year show a substantial advance on last year's record.

Now what are the effects of the mounting output of the precious metal? The main effect is that it becomes proportionally less precious. That is to say, that in practice a sovereign will not command so many commodities in the market as heretofore; in other words, prices will inevitably rise. (The process is already visible, indeed, in spite of the opposite influence of labour-saving inventions.) That is in itself no particular evil, although it inflicts temporary hardships on persons of fixed incomes; but, regarded economically and generally, the matter is largely indifferent. In the past an addition to the world's gold stock has been the means of expanding trade; but there is not much ground for believing that it will have this effect in the future, for the reasons I have given when speaking of the credit system. Regarded in an economic view, I do not see how it is possible to avoid the conclusion that in relation to the real wealth of the world, the digging out of much more gold is no more productive an occupation than would be the digging of a hole in the earth, and filling it up again, in accordance with the Frenchman's famous solution of the unemployed labour problem.

As gold gets cheaper it will of course come into more general use in the arts; that is to say, as a metal to be wrought into articles of direct use, instead of into coins. But this view of the case hardly supports the position of gold-mining as a productive industry. Gold has its uses in the arts, and is doubtless pleasant to look upon; but I doubt if nine-tenths of the pleasure which people take from having gold articles in their possession does not arise less from the beauty of the metal than from the sense of wealth implied in its possession. Too great a profusion of gold would not add either to the beauty of our surroundings or to the general comfort. The prospect of a world turned into a Midas's paradise is not sufficiently alluring for its realization to be worth the waste and the hardships of a Klondike.

ERNEST E. WILLIAMS.

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